

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

Friday, November 20, 2015 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

CALL TO ORDER

Announce the presence of a Quorum

Vice President Mitch Herzog called the meeting to order at 6:30 a.m. Board Members present were Demond Dawkins and Todd Wintters.

Ex-officio members Mayor Eric Hogue and City Manager Mindy Manson were present.

WEDC staff present was Executive Director Sam Satterwhite and Sr. Assistant Angel Wygant.

CITIZEN PARTICIPATION

Lynn Grimes was in attendance and reminded the Board about the upcoming Wylie Arts Festival on December 5th. She encouraged the Board to attend and thanked them for their support. With no further citizen participation, Mr. Herzog proceeded to Action Items.

ACTION ITEMS

ITEM NO. 1 – Consider and act upon approval of the October 16, 2015 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.

MOTION: A motion was made by Todd Wintters and seconded by Demond Dawkins to approve the October 16, 2015 Minutes of the Wylie Economic Development Corporation as amended. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 2 – Consider and act upon approval of the October 2015 WEDC Treasurer's Report.

MOTION: A motion was made by Todd Wintters and seconded by Demond Dawkins to approve the October 2015 WEDC Treasurer's report. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 3 – Consider and act upon a First Modification to Loan Documents between The American National Bank of Texas and the WEDC.

Staff reminded the Board that on September 23, 2015 the WEDC executed Loan Documents associated with the borrowing of \$1,685,000 to fund the purchase of the Linduff property on

Business Way and the Edge property on State Highway 78. At the time the Loan Documents were drafted and subsequently approved, the WEDC was going to fund both the acquisition and sale simultaneously and perform the modifications to the Linduff property post-closing. Under that described structure, The American National Bank of Texas (ANB) was going to fund the loan upon execution of the Loan Documents.

As the project was renegotiated during the closing weeks prior to WEDC/Edge approval, the WEDC closed on the Linduff property but will not close on the Edge property until on or about March 21, 2016. Staff requested of ANB to only draw down on the purchase of the Linduff property and fund the remaining \$750,000 at a later date so that interest would not accrue.

Presented for the Board's review was a modification to the Loan Documents clarifying the WEDC loan as a 'draw note' and that interest will only accrue on the current principal balance of the loan, which may change from time to time, up to the maximum amount of \$1,685,000.

Staff recommended that the WEDC Board of Directors approve a First Modification to Loan Documents between The American National Bank of Texas and the Wylie Economic Development Corporation.

MOTION: A motion was made by Demond Dawkins and seconded by Todd Winters to approve a First Modification to Loan Documents between The American National Bank of Texas and the Wylie Economic Development Corporation. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 4 – Consider and act upon ratification of a Commercial Contract between the WEDC and McClure Partners, LLC.

Staff reviewed a Commercial Contract for the purchase of a 1.433 acre lot (Ferrell Property) from the WEDC by McClure Partners, LLC for \$250,000. The Contract calls for McClure to simultaneously close on the adjacent 0.69 acre Jacobs tract and 1.66 acre Goldenberg tract, remove all improvements on the three properties including the Goldenberg building and the Jacobs billboard, and construct median improvements to be located near the northwest corner of the Ferrell property. Finally, the WEDC has committed to participate financially in median improvements for a turn bay into property on the north side of F.M. 544.

Staff recommended that the WEDC Board ratify a Commercial Contract between WEDC and McClure Partners, LLC.

MOTION: A motion was made by Demond Dawkins and seconded by Todd Winters to ratify a Commercial Contract between WEDC and McClure Partners, LLC. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 5 – Consider and act upon issues surrounding a Performance Agreement between the WEDC and Patna Properties, LLC.

Staff explained that Dr. Tanvir Ahmad has purchased a 0.57 acre lot near the intersection of F.M. 544 & State Highway 78 (fronting Kirby behind Exxon). Dr. Ahmad intends to construct a 4,283 square foot office building within which he will utilize 3,100 square feet for his medical practice. The remaining 1,183 square feet will not be finished out until a tenant is identified. Dr. Ahmad had previously inquired as to any available assistance from the WEDC.

Dr. Ahmad has a construction budget of \$700,000 (\$163.44 psf). Pulliam Construction Management has been working with Dr. Ahmad to develop construction plans and a construction budget. Should the project move forward, construction will begin within the first quarter of 2016 with an estimated completion date within the third quarter of 2016.

In developing an incentive package to present to the Board, staff is hesitant to utilize a \$163.44 psf appraised value being that medical construction costs may not translate into appraised value. Also, a more conservative psf cost/value requirement will reduce the opportunity for there to be a default within the Performance Agreement. Therefore, staff is utilizing a \$130 psf valuation requirement. Further, staff typically utilizes a 3 year factor when developing an incentive based upon the amount of new property taxes that will be generated over that period of time. However, similar to the Tony Snider project, additional credit is warranted in the form of a 4 year factor for creating value on a property with marginal access and visibility.

Using a 'new value' assumption of \$557,000 generating \$7,500 per year in property taxes to the City of Wylie (86.89 cents) and the WISD I&S (47 cents), a 4 year factor creates a total package valued at \$30,000. Within the attached Performance Agreement, staff proposed to fund \$20,000 at CO and the remaining \$10,000 upon a certified valuation of \$707,000 (\$557,000 new value plus existing \$150,000 in real property).

Staff recommended that the WEDC Board of Directors approve a Performance Agreement between the WEDC and Patna Properties, LLC as presented.

MOTION: A motion was made by Todd Wintters and seconded by Demond Dawkins to approve a Performance Agreement between the WEDC and Patna Properties, LLC. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 6 – Consider and act upon issues surrounding the redevelopment of WEDC properties located on Industrial Court and Cooper Drive.

Staff made an oral presentation surrounding proposed infrastructure improvements impacting the Exco/Mann Made properties which may require demolition of WEDC buildings located on Industrial Court.

Staff made no recommendations and the WEDC Board took no action on this item.

DISCUSSION ITEMS

ITEM NO. 7 – Staff report: review issues surrounding Performance Agreements between the WEDC and: Woodbridge Crossing, Ascend Custom Extrusions, CSD Woodbridge, Exco Tooling Solutions, Von Runnen Holdings, All State Fire, WEDC Staffing, 106 N. Birmingham and regional housing starts.

Woodbridge Crossing

Attached for the Board's review was the Sales Tax Reimbursement Report which identifies all sales taxes received through August 2015 within Woodbridge Crossing for the City General Fund, the WEDC, and the 4B. As a reminder, the City and WEDC reimbursed 85% of all sales tax generated within Woodbridge Crossing through September 2013 with the reimbursement percentage reduced to 65% thereafter. Due to the default under the Amended and Restated Performance Agreement, Woodbridge Crossing is only eligible to receive up to \$6 million in sales tax reimbursement through September 2021 as opposed to the maximum reimbursement of \$12 million originally contemplated.

\$3,157,963.71 in reimbursement has been earned through October 2015 with net receipts of \$2,341,181.81 after reimbursements. As well, it is estimated that \$3.5 mm has been paid in ad valorem taxes to the City of Wylie (excluding the WISD).

As shown on the Sales Tax Reimbursement Report, \$104,666.76 was generated in sales tax in August 2015 versus \$93,677.52 in August 2014. This increase represents a 12% gain over 2014 receipts.

Ascend Commercial Lease and Performance Agreement

Attached for the Board's review was the Ascend Custom Extrusion Critical Dates Analysis and Performance Agreement Monitoring Procedures. Payment #4 of 5 for the Economic Incentives has been funded with Ascend meeting all Performance Obligations within Sections A and B of the attachment.

Also attached for the Board's review was the summary of a second Performance Agreement between the WEDC and ACE which was approved in December 2013. Payment #2 of 4 has been funded with Ascend meeting all Performance Obligations within Section A of the attachment.

CSD Woodbridge Performance Agreement

On July 15, 2013 a certificate of occupancy (CO) was issued for Kroger Marketplace. Beginning October 1, 2013 and ending October 1, 2023, Clark Street Development is eligible to receive a ½ cent sales tax reimbursement from the WEDC (City of Wylie not part of sales tax reimbursement agreement). Quarterly payments will be made to Clark Street based upon the data provided by the Comptroller. In addition to the \$100,000 reimbursement incentive paid by the WEDC at CO,

Clark Street is eligible to receive cumulative incentives of \$1,100,000 over the life of the Agreement.

Along with a summary of the Performance Agreement, a Sales Tax Reimbursement Report was included for the Board's review.

Exco Tooling Solutions

Exco has begun construction of its 30,000 square foot facility within Premier Business Park. All indications point to a temporary CO being issued by November 30, 2015 and Final CO is anticipated by December 31, 2015. As provided in the Summary of Performance Obligations, the WEDC will fund an \$87,000 incentive upon issuance of a CO followed by four payments of \$20,000 over the following four years.

Von Runnen Holdings

Von Runnen Holdings has encountered no significant delays in their construction schedule and anticipates a Certificate of Occupancy (CO) being issued no later than January 1, 2016 as required by the WEDC Performance Agreement. Upon issuance of a CO and confirmation of \$1.25 mm in construction costs, the WEDC will issue Incentive Payment No. 1 of \$20,000. Two additional payments of \$10,000 each will be issued over the following two years.

All State Fire Equipment

All State Fire Equipment was issued a building permit on July 2, 2015 and held their Ground-Breaking ceremony on September 18, 2015. Work is progressing well and ASFE appears to be on track to receive a Certificate of Occupancy by the August 1, 2016 as required in their Performance Agreement.

WEDC Staffing

Staff is preparing to interview four individuals for the Assistant Director position the week of December 7th. While response to the job posting did not result in as strong a candidate pool as staff desired, there are at least two qualified candidates that are being interviewed and two additional individuals who warrant an additional look. Should the pool be narrowed to a single or even two candidates, staff will involve a Board Member in a second interview. However, if none of the candidates present a quality option for the WEDC, staff will discontinue the process and start over.

106 N. Birmingham

Staff continues to discuss options with local developers for redevelopment of the K&M property. Preliminary discussions have resulted in demolishing the building not being a preference at least with Mr. Bob Heath and Mr. Gary Taylor. Both individuals are however developing their plans for redevelopment in writing which will be presented to the Board for its review.

Regional Housing Starts

Thirty-two homes were permitted in Wylie for October 2015. Sachse, Lavon, and Murphy permitted a combined Thirty-six homes over the same period.

No action was requested by staff for this item.

EXECUTIVE SESSION

Recessed into Closed Session at 7:34 a.m. in compliance with Section 551.001, et.seq. Texas Government Code, to wit:

Section 551.072 (Real Estate) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act). Consider the sale or acquisition of properties located near the intersection of:

- Cooper Drive & State Highway
- Ballard Street and Oak Street

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 7:54 a.m. and took no action.

ADJOURNMENT

With no further business, Vice President Herzog adjourned the WEDC Board meeting at 7:54 a.m.



Marvin Fuller, President

ATTEST:



Samuel Satterwhite, Director